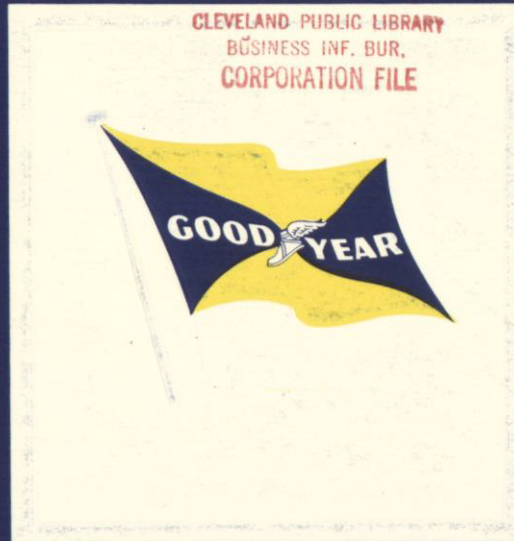


A N N U A L R E P O R T



1 9 5 6

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

FOR FORTY-TWO CONSECUTIVE YEARS IT HAS BEEN TRUE



MORE PEOPLE RIDE ON GOODYEAR TIRES THAN ON ANY OTHER KIND

A N N U A L R E P O R T

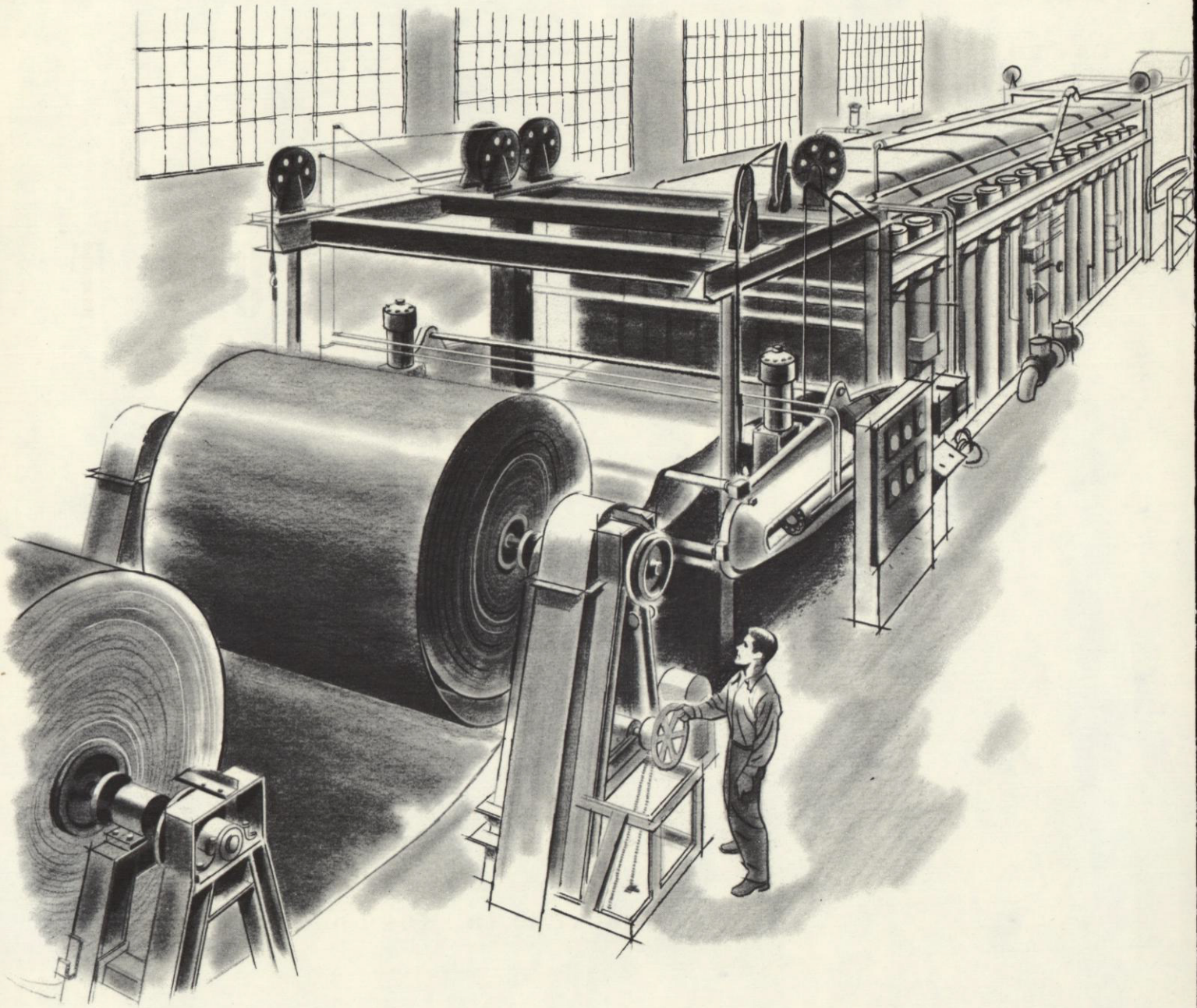
TO THE SHAREHOLDERS

THE GOODYEAR TIRE & RUBBER

COMPANY OF CANADA • LIMITED

NEW TORONTO • ONTARIO

FOR THE FISCAL YEAR ENDED DECEMBER 31 1956



This 84" double-decked belt curing press is being installed at your Company's Bowmanville plant and will be in operation during 1957 to help meet the growing demand for larger and wider conveyor belts. The new building, belt press and accessory equipment will cost an estimated \$1,250,000.

GENERAL OFFICES

NEW TORONTO, ONT.

FACTORIES

NEW TORONTO, ONT.

BOWMANVILLE, ONT.

QUEBEC CITY, QUE.

COTTON PLANT

ST. HYACINTHE, QUE.

BRANCHES

MONCTON, N.B.

St. George St. and 10th St.

QUEBEC, QUE.

204 Dorchester St.

MONTREAL, QUE.

2050 Côte de Liesse Road

TORONTO, ONT.

622 Fleet St. West

LONDON, ONT.

1700 Dundas St. E.

WINNIPEG, MAN.

Sargent Ave. and Madison St.

REGINA, SASK.

2410 Dewdney Ave.

SASKATOON, SASK.

302 Pacific Ave.

CALGARY, ALTA.

238-11th Ave. East

EDMONTON, ALTA.

10355-105th St.

VANCOUVER, B.C.

1004 Hamilton St.

WHOLESALE DISTRIBUTORS

HALIFAX, N.S.

Maritime Accessories Limited, Sackville and South Park Sts.

ST. JOHN'S, NFLD.

A. E. Hickman Company Limited

BOARD OF DIRECTORS

P. W. LITCHFIELD, *Chairman*, AKRON

R. C. BERKINSHAW, C.B.E., TORONTO

*P. A. THOMSON, MONTREAL

A. DEANE NESBITT, O.B.E., D.F.C., MONTREAL

P. E. H. LEROY, AKRON

E. J. THOMAS, AKRON

A. W. DENNY, TORONTO

H. G. HARPER, TORONTO

**Deceased Oct. 26 1956*

OFFICERS

R. C. BERKINSHAW, *President and General Manager*

A. W. DENNY, *Vice-President*

H. G. HARPER, *Vice-President*

R. W. RICHARDS, *Vice-President*

C. B. COOPER, *General Sales Manager*

D. C. CARLISLE, *Treasurer*

K. E. KENNEDY, *Secretary and General Counsel*

J. G. WILLIAMS, *Comptroller*

J. W. PHILP, *Assistant Treasurer*

G. G. MERRITT, *Assistant Treasurer*

A. E. ROBINETTE, *Assistant Secretary*

C. W. J. EVANS, *Assistant Comptroller*

W. N. FERGUSON, *Assistant Comptroller*

ANNUAL REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

The consolidated balance sheet of the Company and its subsidiaries as of December 31 1956 and the consolidated statements of profit and loss and earned surplus showing the results of operations for the year, together with the report of the Company's auditors, Price Waterhouse & Co., are submitted herewith.

Your Directors are pleased to report a record year of sales and earnings. The consolidated net income for the year amounted to \$6,222,804 or \$23.06 per common share, as compared with \$4,397,946 or \$15.96 per common share for the year 1955.

Common stock dividends, totalling \$6.00 per share and amounting to \$1,543,560 were paid during the year. This compares with \$4.00 per share paid during 1955. Regular quarterly dividends totalling \$2.00 per share were paid on the 4% preferred shares.

Earnings for the year retained and used in the business amounted to \$4,390,578.

Capital expenditures during the year for expansion, improvements and replacements of property, totalled \$2,924,669 and depreciation provided amounted to \$2,512,595.

Working capital increased by \$4,015,645 to \$26,428,666 as a result of the year's operations and the ratio of current assets to current liabilities is 4.0 to 1 as compared with 3.8 to 1 at the end of 1955.

Inventories have increased substantially due mainly to the necessity of maintaining sufficient stocks to handle the increase in volume; the introduction of new lines such as the 14" tire and tubeless truck tires; and to the fact that a large part of the tire and tube inventory is included on a sales tax paid basis under a new arrangement of providing for this tax.

While it has been a source of satisfaction to your Directors that these requirements for working capital and property improvements have been met from the Company's cash resources, the increase in working capital, for the reasons mentioned above, has not resulted in an increase in cash balances.

To maintain the coverage of the Company's pension, hospitalization and related benefits, and group insurance plans, there is included in the attached consolidated profit and loss statement a charge to income of \$1,049,000. This compares with \$832,000 charged to income in 1955.

Taxes of all kinds provided in 1956 totalled \$11,264,000 equivalent to \$43.78 per share of issued common stock, as compared with \$10,444,000 or \$40.60 per share in 1955.

The record sales and production of your Company during the year resulted mainly from an increase in unit sales of tires in the replacement market; from a substantial increase in the demand for our truck tires; and an increase in the sale of industrial rubber products, primarily hose and belting.

Major changes in tire production involved the introduction of the 14" diameter tire for 1957 model cars and an extension of production of the new tubeless truck tires.

A new custom design was introduced during the year for first line rayon and nylon passenger tires in all sizes and a new custom Suburbanite was introduced for the 14" tire line.

Two major expansion projects were started during the year to provide the increased productive capacity required to meet a steadily growing market in tires and conveyor belting.

Work on an addition to the Tire Plant at New Toronto for the installation of a new tread extruder will be completed this year at an estimated cost of approximately \$1,250,000.

Plans for plant expansion at our Bowmanville factory to house a new conveyor belt curing press and accessory equipment were approved at an estimated cost of \$1,200,000. The new press is expected to be in production in 1957 and will enable your Company to supply the growing demand for larger and wider conveyor belts.

Sales to export markets were below those of 1955. In addition to the continuing problem of non-convertibility of currencies, exports were affected by the troubles in the Middle East and by the expansion of manufacturing facilities in foreign countries. However, we shipped to 80 countries during the year.

Although the outlook for the coming year and the period immediately beyond is conditioned by the inflationary elements now evident in our economy, we believe that the recognition of this problem by all levels of government, by business, labour and the public generally, will provide the co-operation, understanding and restraint necessary to minimize the effects of present inflationary pressures. We are confident that the Company's growth in sales, productive capacity and financial strength will continue.

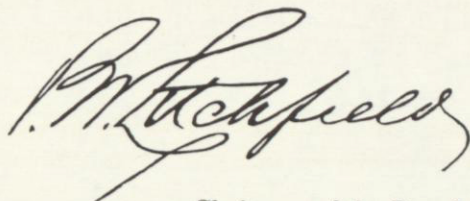
The death of Mr. P. A. Thomson of Montreal, who served as a Director for many years, was a loss deeply felt by your Directors. We will miss his experience and advice

which have contributed so much to the steady growth of your Company. To fill the vacancy caused by Mr. Thomson's death, Mr. A. Deane Nesbitt of Montreal has been appointed a Director of the Company.

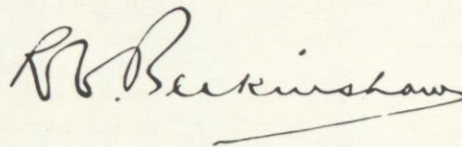
Your Directors are proud of the place your Company occupies in the Canadian economy. We have 4,937 employees and 3,036 Canadian shareholders holding common and preferred shares of the Company.

We extend our thanks to the employees of the Company for their conscientious endeavours in the Company's interests in the field, in the factories and in the offices; to our thousands of dealers across Canada for their loyalty; and to our shareholders for their continued interest and support.

On behalf of the Board,

A handwritten signature in dark ink, appearing to read "A. M. Litchfield". The signature is fluid and cursive, with a long horizontal stroke at the end.

Chairman of the Board

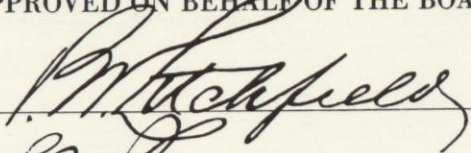
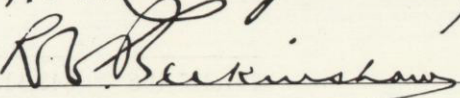
A handwritten signature in dark ink, appearing to read "R. B. Beekinslow". The signature is cursive, with a prominent "R" and a long horizontal stroke at the end.

President and General Manager

February 14 1957

CONSOLIDATED

ASSETS

	December 31 1956	December 31 1955
CURRENT ASSETS:		
Cash.....	\$ 708,476	\$ 943,947
Accounts receivable, less provision for bad debts—1956— \$539,596; 1955—\$483,467.....	9,566,787	10,291,765
Inventories at cost (partly last-in, first-out) or market which- ever is lower.....	25,029,095	19,086,333
TOTAL CURRENT ASSETS.....	35,304,358	30,322,045
INVESTMENTS AND OTHER ASSETS:		
Mortgages, agreements of sale, etc.....	795,688	719,642
Deferred charges to future operations.....	238,234	200,358
	1,033,922	920,000
PROPERTY ACCOUNTS:		
Land, buildings, machinery and equipment at cost.....	38,997,333	36,863,012
Less—Depreciation.....	27,940,417	25,991,157
	11,056,916	10,871,855
APPROVED ON BEHALF OF THE BOARD:		
 _____ R. M. Hutchfield	Director	
 _____ R. B. Beckinslow	Director	
	\$47,395,196	\$42,113,900

CANADA, LIMITED AND SUBSIDIARY COMPANIES

BALANCE SHEET

LIABILITIES

	December 31 1956	December 31 1955
CURRENT LIABILITIES:		
Accounts payable.....	\$ 5,377,915	\$ 4,312,065
Accrued income and other taxes payable.....	3,425,325	3,523,747
Preferred stock dividend payable.....	72,452	73,212
TOTAL CURRENT LIABILITIES.....	8,875,692	7,909,024
 SHAREHOLDERS' EQUITY:		
Capital Stock:		
Four per cent. Cumulative Redeemable Sinking Fund Preferred Shares (par value \$50 per share; redeemable on call at \$53 per share):		
Authorized and outstanding—1956—144,904 shares; 1955—146,423 shares.....	7,245,200	7,321,150
Common shares, no par value:		
Authorized—290,660 shares; issued—257,260 shares....	128,630	128,630
Capital Surplus.....	692,350	692,350
Reserve for Contingencies.....	1,000,000	1,000,000
Earned Surplus.....	29,453,324	25,062,746
	38,519,504	34,204,876
	 \$47,395,196	 \$42,113,900

CONSOLIDATED PROFIT AND LOSS STATEMENT

	Year ended December 31	
	1956	1955
Profit from operations before providing for depreciation and income taxes.....	\$14,368,471	\$11,120,059
Income from investments.....	45,207	40,381
	<u>14,413,678</u>	<u>11,160,440</u>
Deduct:		
Provision for depreciation.....	2,512,595	2,064,347
Provision for income taxes.....	5,678,279	4,698,147
	<u>8,190,874</u>	<u>6,762,494</u>
Net profit for the year.....	<u>\$ 6,222,804</u>	<u>\$ 4,397,946</u>

CONSOLIDATED EARNED SURPLUS STATEMENT

	Year ended December 31	
	1956	1955
Balance at beginning of year.....	\$25,062,746	\$21,988,066
Net profit for the year.....	6,222,804	4,397,946
	<u>31,285,550</u>	<u>26,386,012</u>
Deduct:		
Dividends:		
On four per cent. preferred shares.....	288,666	294,226
On common shares.....	1,543,560	1,029,040
	<u>1,832,226</u>	<u>1,323,266</u>
Balance at end of year.....	<u>\$29,453,324</u>	<u>\$25,062,746</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The accounts receivable at December 31 1956 include \$381,182 due from affiliated companies and an amount of \$858,973 due to affiliated companies is included in accounts payable. These balances represent current accounts arising in the normal course of business.
2. Rentals payable under leases expiring more than three years from December 31 1956, aggregate approximately \$336,000 annually.

A U D I T O R S ' R E P O R T

PRICE WATERHOUSE & CO.

ROYAL BANK BUILDING
TORONTO

January 28 1957

To the Shareholders of

THE GOODYEAR TIRE & RUBBER COMPANY
OF CANADA, LIMITED:

We have examined the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31 1956 and the related consolidated statements of profit and loss and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and related consolidated statements of profit and loss and earned surplus present fairly the consolidated financial position of the companies as at December 31 1956 and the results of their operations for the year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse Co.

Chartered Accountants.

GOODYEAR SERVING CANADA

The rapid expansion of Canadian industry over the past few years has provided a steadily increasing market for your Company's products and all forecasts of Canada's industrial development point to the continuing growth of opportunities for your Company to serve Canada in the years that lie ahead.

Rubber, in many forms, is extensively used throughout all branches of industry from extracting and processing of raw materials to manufacturing of finished products—and as important components in practically all types of machines and household appliances. The increasing use of belt conveyors for the automatic transportation of raw materials and finished products is of particular significance to your Company.

Your Company set new records during the year in the sales of industrial rubber products. With years of world-wide experience, backed by the rubber industry's most extensive research programme and modern production and distribution facilities, your Company is well equipped to maintain its leadership in the rubber industry.

Goodyear serves as a supplier of conveyor belting, all lines of hose, V-belt and flat transmission belting, as well as thousands of other rubber products for industrial needs and new products and new applications are constantly being introduced by your Company.

All over Canada Goodyear products are at work . . . developing mines, drilling oil wells, building bridges, conveying liquids and solids and transmitting power for the wheels of industry.

GOODYEAR SERVING CANADA

◀ *Illustrated on our folded map are but a few of the significant developments in Canada's industrial expansion in which your Company has participated.*

GOODYEAR'S NEW DEVELOPMENTS

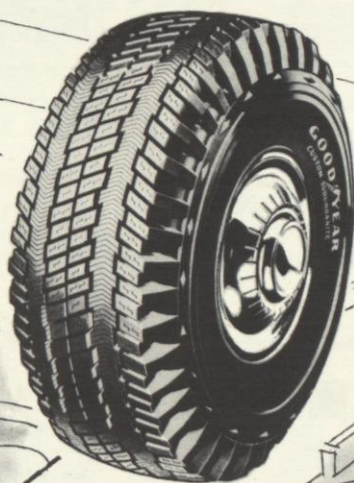
Two new passenger tires were introduced by your Company during the year to meet changing needs of the automobile industry and motoring public. These tires were designed in the new 14" size adopted by automobile manufacturers to improve both styling and performance of 1957 model cars.

The new Custom Super-Soft-Cushion tire, supplied as standard equipment for 1957 models requires only 22 lbs. of air pressure and the rayon cord fabric is tempered by Goodyear's patented 3-T process involving tension, temperature and time. Improved traction is provided by a new Twin-Grip tread and the low pressure and wider cross section gives a softer ride for the motorist. This tire is also available for the replacement market in all popular sizes.

The second 14" tire introduced during the year was the Custom Suburbanite, a new development of your Company's famous Suburbanite winter tire. The Custom Suburbanite has a new tread design providing even greater traction for winter conditions, a quieter ride on clear road surfaces and longer mileage.

Increased demand for the extra safety of nylon cord construction in passenger tires made it possible for your Company to offer the Nylon Custom Super-Cushion tire at a price only a few cents higher than that for the equivalent size of rayon construction. The Nylon Custom Super-Cushion also has the new Twin-Grip tread design and the nylon cord tempered by the 3-T process. This tire is available in both tubeless and tube type designs.

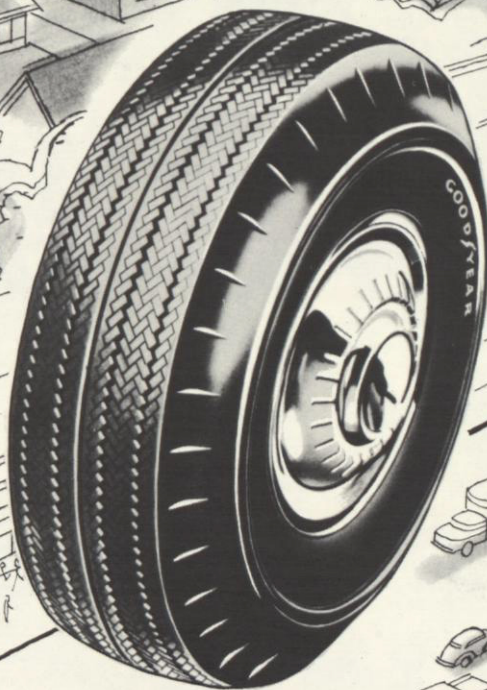
Indicating the direction of future tire design, Goodyear has introduced to the Canadian market a twin chamber tire that eliminates accidents caused by blow-outs. Known as the "Captive Air", the new tire has two independent air chambers and if the outer chamber blows the motorist can drive safely, at normal speeds, for one hundred miles or more before stopping. The "Captive Air" tire is the latest development by Goodyear to create the ultimate in tire safety and eliminate the need for a spare tire on passenger cars.



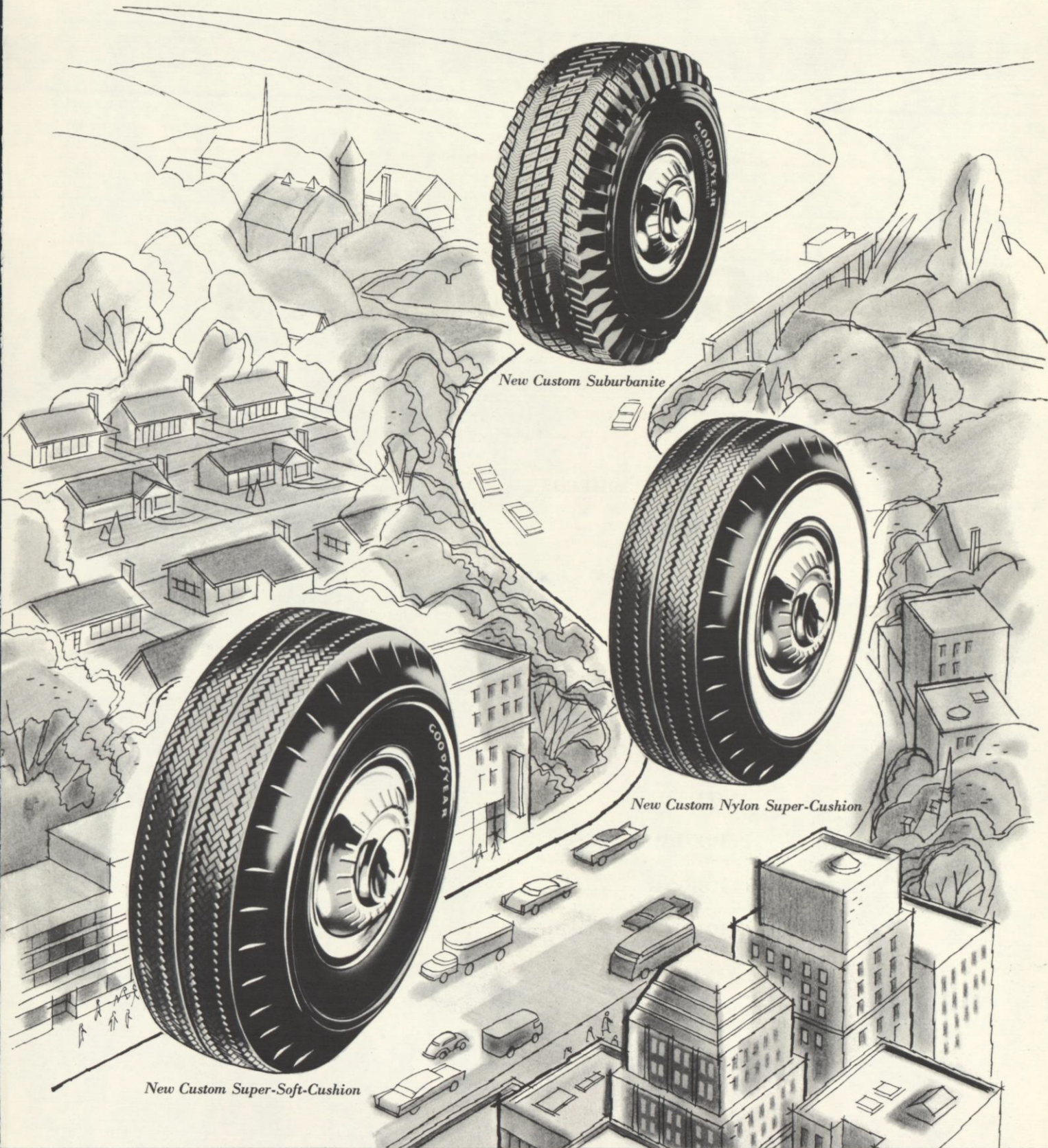
New Custom Suburbanite



New Custom Nylon Super-Cushion



New Custom Super-Soft-Cushion



THE GREATEST NAME IN RUBBER



TIRES

TUBES

LIFEGUARD SHIELDS

BATTERIES

AUTOMOTIVE ACCESSORIES

BELTING

HOSE

PACKING

MOLDED GOODS

AIRFOAM

PLIOFILM

PLIOBOND

PLIOLITE

AVIATION PRODUCTS

NEOLITE

RUBBER SOLES AND HEELS

FOR FORTY-TWO CONSECUTIVE YEARS IT HAS BEEN TRUE



MORE PEOPLE RIDE ON GOODYEAR TIRES THAN ON ANY OTHER KIND

